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SEVENTH
ANNUAL REPORT
of the
Unemployment
Compensation Commission
of Montana



1943

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Unemployment Compensation Commission of Montana

HELENA

December 15, 1943

Governor Sam C. Ford
Capitol Building
Helena, Montana

Dear Governor Ford:

In compliance with Section 11 (a) of the Montana Unemployment Compensation Law, we respectfully submit for your consideration the Seventh Annual Report of the Unemployment Compensation Commission of Montana.

Although the Commission was organized in 1937, it began its full operations, including benefit payments, with the fiscal year beginning July 1, 1939. Therefore, for comparative purposes, successive annual reports have reported, as fully as possible, on its activities on a fiscal year basis. This report follows the same practice, but, in addition, has been brought up to date, as far as possible, by brief summaries of activities since July 1, 1943, from the latest information available at the time the report was prepared.

Respectfully submitted:

BARCLAY CRAIGHEAD, Chairman
LOUIS G. DeNAYER, Commissioner
GEORGE R. SHEPARD, Commissioner



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SEVENTH ANNUAL REPORT

Since the Sixth Annual Report of this Commission was submitted, unemployment in Montana has ceased to be a social problem of statewide importance. If the employment situation could be expected to continue indefinitely as it has during the past year, then there would be no necessity for a state unemployment compensation program. During the year, from 30 to 90 individuals have drawn weekly unemployment compensation benefits. Out of a pre-war labor force of approximately 225,000 persons, of whom approximately 125,000 worked in covered industry, the unemployment of from 30 to 90 people becomes a problem which is small enough to be handled directly by the local communities.

Frequent analyses of the claimants currently drawing benefits throughout the year have shown that very few, if any, of these people are qualified or available for essential employment. Many are beyond the age when they may be expected to perform a full day's work or to become adapted to new jobs. Many are women with limited employment experience. Some are physically handicapped and difficult to place in jobs which they can handle, although they have received wage credits in some phase of covered industry in spite of their handicaps. Some are located in communities where jobs are not available, and cannot be forced to remove to other localities in search of employment without hardship to them.

Benefits for the fiscal year ending June 30, 1943, amounted to \$186,000. Benefits for the calendar year ending December 31, 1943, are estimated to be about \$109,000. During the first two fiscal years of benefit-paying experience of this Commission, claimants received nearly \$3,000,000 each year in benefit checks.

By January 1, 1944, this Commission will have been in existence six years, nine months, and a few days. Unemployment compensation contributions will have been levied upon employers for seven full years. Benefits to unemployed workers will have been paid for four and a half years. We believe the experience of the Commission during this time has fairly well exemplified the principle upon which the entire program was intended to operate.

Under the direction of the law, the Commission collected contributions from employers for two years and a half before beginning to pay benefits. Thus, it was enabled to set up a reserve of more than \$5,000,000 from which to pay benefits.

During 1939 and 1940, unemployment was a statewide problem of serious proportions, and reserves were drawn on to meet benefit payments. With the approach of the war, unemployment

decreased until, during the past year, it has reached what may be its minimum.

During the period of maximum employment, the Commission has laid up reserves, and during the period of little employment, funds have been expended in an effort to relieve the unemployment problem. This was the intention of the program from the beginning—that in times of employment, reserves should be laid up to meet the periods when they are needed.

Within the limits of its reserves and the provisions of the law, the Commission has paid benefits liberally, as the circumstances required, and since July 1, 1939, has paid out in benefits the largest ratio to current revenue of all the states in the Union.

In the Sixth Annual Report, there was published a table showing the ratio of benefits to collections, by states. Through June, 1942, Montana's ratio of benefits to collections, since benefits first became payable, was 88.2%, compared with a national average of 51.8% and a low of 12.1%.

During the past year, this situation has changed greatly, until by June 30, 1943, the figure had been reduced to 70.9%.

These reserves, however, apply only to current benefits and current collections for the above periods and do not take into consideration the reserves on hand when benefit payments were started, and the interest on the fund which has been added quarterly.

Having paid benefits liberally during a period when they were greatly needed, the Commission now has arrived at a time when it is possible to replenish the reserves. The Commission feels that it is now in a sound financial condition. It recognizes that it is not the province of a public tax body to lay up unneeded reserves of public moneys. However, from past experience it feels it is entitled to assume that the time is coming when healthy reserves will be needed, during the readjustment periods following the war.

NUMBER OF REPORTING EMPLOYERS DECREASES

Employers in Montana have been diversely affected by the war situation. Those employers who have been engaged in the mining and processings of copper, zinc, lead, and some other metals, and those who have been engaged in the lumbering industry, have been working at a capacity limited only by the amount of help available.

However, many other employers, notably in smaller businesses, have ceased to give employment or have closed their businesses during this war period, and there has been a drop in the number of employers subject to the Montana law from 10,258

as of July 1, 1942, to 8,546 as of June 30, 1943, and to 8,423 as of September 30, 1943.

In spite of this reduction in the number of employers, employer contributions received by the Commission have shown a steady increase over previous years. As a consequence, the Montana Unemployment Compensation trust fund increased from \$6,444,688.35 as of June 30, 1942, to \$9,968,248.32 as of June 30, 1943. By September 30, 1943, the fund had increased still further to \$10,900,731.62, and on November 30, 1943, amounted to \$11,834,104.16.

ADMINISTRATIVE EXPENDITURES REDUCED

The decrease in the number of benefit payments has very materially reduced the amount of work required of the Commission. This reduction in work has been accompanied, insofar as practicable, by a consequent reduction in the personnel and administrative expenditures of the Commission.

The number of Commission employees in pay status on June 30, 1942, was 65; on June 30, 1943, 50; on September 30, 1943, 43.

PERSONNEL

All employees of the Commission have qualified for their positions under the rules and regulations of the State Merit System Council. Those who were in the service of the Commission prior to the inauguration of the merit system method of selecting personnel qualified for their positions by passing examinations conducted by the Merit System Council. Since the inauguration of the system, new employees have been selected from merit system registers, in accordance with the rules and regulations of the Merit System Council.

During the past year, however, the Commission has made comparatively few calls on the Merit System Council for new employees, although the loss of personnel, through military leaves and resignations, has been considerable. Due to the decreased work in the agency, so far as possible vacancies thus occurring have not been filled by new personnel.

The Commission now is operating with a personnel reduction of 33 $\frac{1}{3}$ per cent, and without the use or payment of overtime. Few other active government agencies whose payrolls are paid entirely from federal funds are able to do likewise.

FEDERAL GOVERNMENT SUPPLIES MOST ADMINISTRATIVE FUNDS

Administrative funds are supplied almost entirely by the federal government, through the Social Security Board, although on occasion state funds have been used to meet expenditures con-

sidered advisable by the Commission or other state officials and approved by the State Board of Examiners.

Prior to the time the Montana State Employment Service was taken over by the federal government, the state was required to provide funds for the purpose of matching federal funds for maintenance of the Employment Service under the Wagner-Peyser Act. The legislature of 1941 appropriated \$13,021.26 for each of the two fiscal years, beginning with July 1, 1941.

In addition, several counties in the state cooperated with the Commission in maintaining employment offices by furnishing quarters or personnel, or by direct cash payments, to defray some of the expenses.

On June 30, 1943, the Commission had unexpended in the State Treasury \$22,845.82 remaining from the state appropriation. This amount thereupon reverted to the general fund of the state. There remains in a special trust fund available to the Commission some \$4,600. Expenditures from state funds for the fiscal year ending June 30, 1943, were \$636.28.

Report of Administrative Expenditures

Fiscal Year July 1, 1942, to June 30, 1943

Category	Expenditures
Personal Services	\$106,008.19
Supplies	6,736.95
Communication Services	1,273.95
Travel	9,010.52
Rent of Premises	3,688.80
Other Current Expenses	5,645.77
Equipment	169.45
Total	<u>\$132,533.63</u>
(\$1,771.69 of Commissioner's share of Joint Merit System expenditures included in above.)	
Federal Funds Expended.....	\$131,897.35
State Funds Expended	636.28
	<u>\$132,553.63</u>

In addition to the above, the Commission expended during the period \$26,174.77 for facilities for the United States Employment Service. These funds were allotted to the Commission by the federal government in response to budget requests and were used to procure office space, supplies, communications, heat, light, and water, and other necessary incidentals under the direction of the United States Employment Service.

Administrative expenditures for Commission expenses probably will be a little more than \$60,000 for the six-months period ending December 31, 1943.

UNEMPLOYMENT COMPENSATION FUND

The following is a recapitulation of contributions collected for each year, interest received on the fund, interest and penalties received from employers, collections in suspension, outstanding benefit checks (uncashed), and the gross benefits paid since July 1, 1939.

Outstanding benefit checks represent those checks which have been uncashed after a considerable lapse of time and which, apparently, have been lost or destroyed. Every reasonable effort has been made to contact the claimants for whom these checks were written. A number of these claimants have been found and new checks issued to them.

The figures shown here represent the amount of the checks which remain uncashed after the Commission's efforts have failed to locate the individuals involved.

It will be noted that collections for each of the various years, as of June 30, 1943, have been increased by collections during the period July, 1942, to June 30, 1943, to make the total as shown for June 30, 1943. These additions represent collections of accounts for the current periods, plus collection of accounts delinquent for the various years as indicated.

Collections			
	Total to June 30, 1942	Collected During Period July 1, 1942 to June 30, 1943	Total to June 30, 1943
For Year 1936 (collected by Bureau Internal Revenue)			\$ 539,593.54
For Year 1937	\$1,826,535.22	\$ 504.37	\$ 1,827,039.59
For Year 1938	2,235,576.16	1,554.68	2,237,130.84
For Year 1939	2,460,439.75	3,328.51	2,463,768.26
For Year 1940	2,780,239.14	6,322.29	2,786,561.43
For Year 1941	2,942,521.12	21,526.26	2,964,047.38
For Year 1942	740,270.32	2,638,991.36	3,379,261.68
For Year 1943	None	863,917.53	863,917.53
Total Collections			\$17,061,320.25
	* * *		
Interest on fund	\$678,899.80		
Employer penalties and interest	6,289.47		
Collections in suspense	7.90		
Outstanding benefit checks	1,144.00		
			686,341.17
			\$17,747,661.42
Benefits paid (July 1, 1939 to June 30, 1943)			7,779,413.10
Fund balances as of June 30, 1943			\$ 9,968,248.32
Collections June 30, 1943, to November 30, 1943			1,776,691.70
Interest on fund received during above period			102,588.14
			\$11,847,528.16
Net benefits paid during above period			13,424.00
Fund balance, November 30, 1943			\$11,834,104.16

Unemployment Compensation Fund

The following statement shows the status of the unemployment compensation fund as of June 30, and November 30, 1943, with amounts of receipts and disbursements for the fiscal year ending that date. This fund represents moneys reserved exclusively for benefit paying purposes.

Balance in fund June 30, 1942\$ 6,444,688.35

Receipts for period:

Contributions	\$ 3,535,729.08
Interest and Penalties	3,272.06
Interest on Fund	168,304.33

Total Income	3,707,305.47
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Total Receipts plus Balance	\$10,151,993.82
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Disbursements for period:

Benefits Paid	186,047.00
Less Benefits Refunded	2,301.50

Net Benefits Paid	183,745.50
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Balance in fund June 30, 1943	\$ 9,968,248.32
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Receipts from June 30, 1943 to November 30, 1943:

Contributions, Interest, and Penalties	\$ 1,776,691.70
Interest on Fund	102,588.14

Total Income for Period	1,879,279.84
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Total Receipts plus Balance	\$11,847,528.16
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Disbursements from June 30, 1943 to November 30, 1943:

Benefits Paid	13,671.00
Less Benefits Refunded	247.00

Net Benefits Paid	13,424.00
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Balance in fund November 30, 1943	\$11,834,104.16
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TABLE NUMBER 1

NUMBER OF INITIAL BENEFIT CLAIMS RECEIVED BY MONTHS

Fourth Fiscal Year of Benefit Payments—July 1, 1942, to June 30, 1943

	New Initial Claims			Additional Initial Claims	Total Initial Claims
	I Original New Claims	II Repeat New Claims	III Total New Claims	IV	V Sum of New and Add'l
July, 1942	224	212	436	107	543
August	80	49	129	78	207
September	61	38	99	58	157
October	70	44	114	46	160
November	67	36	103	72	175
December	92	99	191	141	332
January, 1943	408	402	810	119	929
February	150	180	330	41	371
March	69	70	139	37	176
April	97	71	168	37	205
May	43	25	68	32	100
June	29	22	51	26	77
Total	1,390	1,248	2,638	794	3,432

Comparison Table Number 1

(Fourth fiscal year compared with third fiscal year)

July 1, 1942, to June 30, 1943, compared with July 1, 1941, to June 30, 1942

1942-43	1,390	1,248	2,638	794	3,432
1941-42	9,899	8,667	18,566	8,931	27,497

Supplementary Table Number 1

Initial claims received in fifth (current) fiscal year

July, 1943	50	24	74	11	85
August	28	7	35	13	48
September	28	10	38	7	45
Total	106	41	147	31	178

Total number of initial claims received from July 1, 1943, to November 30, 1943 — 229.

TABLE NUMBER 2

Disposition of New and Continued claims and number and amount of benefit payments by months fourth fiscal year of benefit payments (July 1, 1942, to June 30, 1943)

	Number and Disposition of New Claims			Number of Disposition of Continued Claims			Number and Amount of Benefit Payments				
	1	2	3	4	5	6	7	8	5	10	11
	Number Claims Allowed	Number Claims Dis- allowed	Total New Claims	Ineligible or Void Claims Number	Waiting Period Claims Number	Compen- sated Claims Number	Con- tinued Claims Total	Number First Payments	Number Exhausted Payments	Total Number Payments	Total Amount Paym'ts
July, 1942	363	49	412	270	172	3,545	3,987	233	185	3,545	36,700
August	114	55	169	359	90	2,351	2,800	168	120	2,351	23,439
September	78	22	100	105	47	1,377	1,529	77	89	1,377	12,697
October	92	25	117	40	52	729	821	48	39	729	6,939
November	68	27	95	45	52	596	693	71	28	596	5,833
December	155	42	197	93	85	729	907	69	21	729	7,745
January, 1943	641	74	715	110	250	1,032	1,392	213	24	1,032	12,059
February	332	51	383	212	264	2,051	2,527	426	30	2,051	25,057
March	136	28	164	173	100	2,093	2,366	173	34	2,093	25,389
April	157	36	193	118	75	1,410	1,603	133	18	1,410	17,120
May	53	11	64	39	38	722	799	66	45	722	7,947
June	45	11	56	74	45	499	618	32	31	499	5,122
Total	2,234	431	2,665	1,638	1,270	17,134	20,042	1,709	664	17,134	186,047

Supplementary Table Number 2

	Fifth (current) fiscal year of benefit payments			
July, 1943	59	11	70	33
August	32	11	43	27
September	27	10	37	3
Total	118	32	150	63

For period July 1, 1943, to November 30, 1943:

Total continued claims received 1,468
 Number of benefit payments 1,277
 Amount of benefits paid \$13,671

TABLE NUMBER 3

Amount of Intrastate and Interstate Payments by Months

Fourth fiscal year of benefit payments

July 1, 1942, to June 30, 1943

	1	2	3	4	5
	Intrastate Benefit Payments	Percent of Total Payments	Interstate Benefit Payments	Percent of Total Payments	Total Benefit Payments
July, 1942	\$ 31,343		\$ 5,358		\$ 36,700
August	19,378		4,061		23,439
September	10,721		1,976		12,697
October	5,783		1,156		6,939
November	4,996		837		5,833
December	6,927		818		7,745
January, 1943	10,607		1,452		12,059
February	22,985		2,072		25,057
March	22,507		2,882		25,389
April	15,228		1,892		7,947
May	6,768		1,179		7,947
June	4,529		593		5,122
Total	\$ 161,771	87.0%	\$ 24,276	13.0%	\$ 186,047

Comparison Table for Third and Fourth Fiscal Years

1941-42	\$1,422,644	84.8%	\$254,127	15.2%	\$1,676,791
1942-43	161,771	87.0%	24,276	13.0%	186,047

Supplementary Table Number 3

Intrastate and Interstate Benefit Payments in Fifth (current) Fiscal Year

July, 1943	\$ 2,847		\$ 607		\$ 3,454
August	2,921		730		3,651
September	1,871		533		2,404
Total	\$ 7,639	80.3%	\$ 1,870	19.7%	\$ 9,509

TABLE NUMBER 4

INTERSTATE CLAIMS, BY STATES

(Claims Submitted by Unemployed Montana Workers
Through Other States)

State	1942-43		1941-42
	No. of Benefits	Amt. of Benefits	Amt. of Benefits
Alabama	1	\$ 15	\$ 277
Arizona	28	368	2,067
Arkansas	3	19	540
California	256	2,656	36,639
Colorado	79	1,093	5,141
Connecticut .....	.....	.....	64
Delaware .....	.....	.....	.....
Florida	13	185	527
Georgia	1	11	293
Idaho	142	1,704	19,460
Illinois	69	902	2,420
Indiana	1	14	579
Iowa	14	143	2,574
Kansas	29	384	3,682
Kentucky	10	82	458
Louisiana	5	46	1,078
Maine .....	.....	.....	.....
Maryland .....	.....	.....	71
Massachusetts .....	.....	.....	405
Michigan	60	752	3,271
Minnesota	422	5,059	26,599
Mississippi	1	11	270
Missouri	65	857	5,141
Nebraska	42	436	4,370
Nevada	26	272	3,904
New Hampshire .....	.....	.....	14
New Jersey	16	150	51
New Mexico	5	70	957
New York .....	.....	.....	300
North Carolina	1	15	222
North Dakota	180	2,112	17,514
Ohio	4	32	626
Oklahoma	38	318	2,024
Oregon	59	649	15,516
Pennsylvania	9	135	566
Rhode Island .....	.....	.....	.....
South Carolina .....	.....	.....	19
South Dakota	58	645	7,175
Tennessee .....	.....	.....	471
Texas	93	875	2,440
Utah	25	275	8,040
Vermont .....	.....	.....	112
Virginia	10	140	171
Washington	311	3,051	67,397
West Virginia .....	.....	.....	77
Wisconsin	33	409	2,238
Wyoming	36	358	8,283
Alaska .....	.....	.....	20
District of Columbia	3	33	64
Hawaii .....	.....	.....	.....
Total	2,148	\$24,276	\$254,127

TABLE NUMBER 5

NUMBER AND AMOUNT OF BENEFIT PAYMENTS, BY COUNTIES

(Payments Mailed to Addresses of Claimants in Respective Counties)
Fourth Fiscal Year of Benefit Payments (July 1, 1942, to June 30, 1943)

County	Number of Payments	Amount of Payments
Beaverhead	134	\$ 1,368
Big Horn	146	1,406
Blaine	172	2,054
Broadwater	75	906
Carbon	594	6,581
Carter	32	251
Cascade	1,356	15,192
Chouteau	1	15
Custer	163	1,652
Daniels	1	15
Dawson	141	1,375
Deer Lodge	194	1,996
Fallon	60	606
Fergus	70	641
Flathead	1,093	12,414
Gallatin	1,315	11,329
Garfield	66	556
Glacier	168	1,945
Golden Valley	1	15
Granite	53	571
Hill	244	2,886
Jefferson	27	367
Judith Basin	34	483
Lake	308	2,773
Lewis and Clark	896	11,060
Liberty	38	387
Lincoln	204	2,146
Madison	243	2,638
McCone	56	555
Meagher	15	145
Mineral	49	475
Missoula	945	11,334
Musselshell	222	2,773
Park	337	3,397
Petroleum	12	96
Phillips	286	2,910
Pondera	76	841
Powder River	16	96
Powell	70	725
Prairie	11	155
Ravalli	455	3,748
Richland	264	2,938
Roosevelt	76	911
Rosebud	40	391
Sanders	111	1,459
Sheridan	88	905
Silver Bow	2,548	29,677
Stillwater	58	444
Sweet Grass	43	294
Teton	369	3,288
Toole	124	1,369
Treasure	4	49
Valley	88	878
Wheatland	16	128
Wibaux	10	68
Yellowstone	768	8,094
Total	14,986	\$161,771

